MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING

(Foundation in Business)

14 OCTOBER 2019
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **THREE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

Dermatoskin manufacturing Sdn Bhd is a skin care producer and uses activity-based costing. The following information is available:

Activity Cost Pool	Estimated Overhead	Expected Use of Cost Driver per Activity
Purchasing	RM36,000	12 Purchasing
Mixing preparation	25,000	5,000 machine hours
Heating	120,000	30,000 machine hours
Packing	80,000	16,000 boxes

Actual information is as follows:

Activity Cost Pool	Cost driver usage
Purchasing	14 Purchasing
Mixing preparation	6,000 machine hours
Heating	32,000 machine hours
Packing	17,000 boxes

The total direct manufacturing cost for the period is RM500,000.

REQUIRED

a) Compute the activity-based overhead rates for Dermatoskin manufacturing Sdn Bhd. (12 marks)

b) Compute the overhead cost assigned to each activity. (6 marks)

c) Calculate the total overhead cost and the total manufacturing cost (2 marks)

Continued...

Part B

Hanasoap manufactures soap bars. The direct materials are added at the start of the production process while conversion costs are added uniformly throughout the production process. During the month of April 2019, there was no beginning inventory.

The information in the production department during April 2019 were:

	RM	
Direct material	600,000	
conversion costs	800,000	
Units started		300,000 units
Units completed		280,000 units

Ending inventory was 70% complete as to conversion costs.

REQUIRED

a) Calculate the total manufacturing cost per soap bar for April 2019. (Please round off your answer to two decimal points) (7 marks)

b) Calculate the total costs allocated to the completed units. (1.5 marks)

c) Calculate the total costs allocated to the ending inventory. (1.5 marks)

(Total 30 marks)

QUESTION 2

Part A

Kelssa Sdn Bhd sells a single product for which the following information is provided.

Selling price per unit	RM 500
Purchase price per unit	RM 225
Fixed costs per month	RM 825,000

REQUIRED

a) Calculate contribution margin per unit. (3 marks)

b) Calculate the break-even point in units and value. (5 marks)

c) Calculate margin of safety in units assuming sales total RM 4,500,000. (7 marks)

Continued...

Part B

Reyban Sdn Bhd manufactures sunglasses. The company received a special order for 800 sunglasses at a selling price of RM30 per sunglasses. Reyban Sdn Bhd has enough capacity to accept the order. 60% of the manufacturing overhead is variable. All fixed overhead is allocated equally to all products produced. The following costs are associated annually with sunglasses with the company's normal production of 5,000 sunglasses:

Direct Materials per unit	RM 4
Direct Labour per unit	RM 2
Total manufacturing Overhead	RM 30,000

REQUIRED

a) Calculate the total relevant revenue from the order. (3 marks)

b) Calculate the total relevant costs for the order. (10 marks)

c) What will be the change in operating income if the company accepts the special order? (4 marks)

d) Should Reyban Sdn Bhd accept the order? Explain why or why not. (3 marks)

Continued...

Part C

Imark manufactures a single product. The following information relates to Imark for the second quarter of 2020.

	April	May	June
Budgeted sales (units)	300,000	250,000	310,000

Desired inventories (units):	Materials	Finished goods
April, 1	50,000	70,000
April, 30	55,000	65,000
May, 31	60,000	75,000
June, 30	45,000	80,000

Additional notes:

1) Selling price of the finished product is RM45 per unit for the month of April 2020 and May 2020 and RM50 per unit for the month of June 2020.
2) One unit of direct material is required to produce one finished product.

REQUIRED

Prepare the following budgets for Imark for the months of April, May and June.

a) Sales budget (2 marks)

b) Production budget. (6 marks)

c) Briefly explain **TWO** purposes of preparing the budgets. (2 marks)

(Total 45 marks)

Continued...

QUESTION 3

WTCH Sdn Bhd is a company that manufactures a wrist watch. In October 2019, the company produced 10,000 units of devices and 8,000 units were anticipated to be sold. The sale price of the devices is RM100 per unit. The following cost information pertains to WTCH Sdn Bhd for October 2019:

Manufacturing costs:	
Direct materials cost (per unit)	RM 12
Direct labour cost (per unit)	RM 8
Variable manufacturing overhead cost (per unit)	RM 6
Rent on factory building	RM30,000
Depreciation on factory machinery	RM50,000
Factory manager's salary	RM10,000
Marketing expenses:	
Variable per unit	RM 3
Fixed	RM 80,000

REQUIRED

a) Calculate unit product cost using absorption costing and variable costing. (15 marks)

b) Prepare the income statement using absorption costing system. (10 marks)

(Total 25 marks)

End of Paper